

HUDSON INSTITUTE

VENEZUELISTAN: IRAN'S LATIN AMERICAN AMBITIONS

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CEO,
HUDSON INSTITUTE**

**DAN MARIASCHIN,
EXECUTIVE DIRECTOR,
B'NAI B'RITH INTERNATIONAL**

**MODERATOR:
JAIME DAREMBLUM,
DIRECTOR, CENTER FOR LATIN AMERICAN STUDIES,
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**SPEAKERS:
BORIS SAAVEDRA,
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*Transcript by
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JAIME DAREMBLUM: (In progress) – Center for Latin American Studies. And I will be the moderator for today’s event on Iran in Latin America. We will begin our program with very brief remarks by the chief executives of the organizations co-hosting this event. And I invite to the podium Dr. Ken Weinstein, CEO of the Hudson Institute. Ken?

KEN WEINSTEIN: Thank you, Jaime. Good afternoon. I’d like to welcome our guests, our cosponsors – B’nai B’rith International and the Inter-University Center for Terrorism Studies – our distinguished panelists, members of the media and the diplomatic corps here to the Betsy and Walter Stern Conference Center at Hudson Institute. I’m Ken Weinstein, CEO of Hudson.

During the last five years, Hudson Center for Latin American Studies, under the superb direction of my colleague and dear friend, Ambassador Jaime Daremblum, has, I think, really taken the lead here in Washington in exposing Iran’s growing presence in Latin America. We have convened – he has convened four major conferences dealing with Iran’s presence and published numerous analyses and opinion pieces in publications as diverse as The Weekly Standard, Libertad Digital, La Nación, and other publications in the U.S., Latin America and in Europe.

Today’s event – “Venezuelistan: Iran’s Latin American Ambitions” – brings together recognized experts on the subject who will provide us with important insights and enhance our perspective. Let me simply say, by way of introduction, that the issue, I think, goes beyond the unholy alliance of Chavez and his radical populist allies, and Ahmadinejad in Tehran.

As many of you know, President Lula of Brazil – an American ally who has refused, until now, to sign onto tough sanctions against Iran, is planning a trip to Tehran in mid-May and plans to bring with him his ministers of development, industry and trade. So the threat of increased Latin engagement with Iran is quite serious, and even goes beyond Venezuela and radical populism. On that brief note, let me now turn it over to Dan Mariaschin, the executive vice president of B’nai B’rith International.

DAN MARIASCHIN: Thank you. Thank you, Ken. B’nai B’rith is very pleased to be cosponsoring this conference with Hudson and with the Inter-University Center for Terrorism Studies. I want to just take note and give thanks to my colleague, Adriana Camisar, who worked so hard from our side on helping to put this event together today. B’nai B’rith is the oldest Jewish humanitarian, human rights and advocacy organization. And our presence in Latin America is very strong.

We’re 167 years old, but 80 years ago – almost half of the life of our institution – B’nai B’rith established its first branch in Latin America in Argentina. Today, we have members in over 20 nations in the Western Hemisphere, including Mexico, Colombia, Uruguay, Venezuela and many others. Throughout the region, we work to combat anti-Semitism and other forms of

discrimination and intolerance, to promote democratic values and respect for human rights, and provide humanitarian relief to the various countries' neediest populations.

The increasing penetration of Iran in Latin America is a matter of great concern to us for several reasons. It's well-known that Iran, the world's largest state sponsor of terrorism, funds terrorist groups like Hezbollah. And there is extensive evidence of the presence of Hezbollah cells in several Latin American countries. This presence was already underscored in 1992, when suicide bombers blew up the Israeli embassy in Argentina. The same happened in 1994 to the Argentine-Israel Mutual Association, or AMIA.

It is widely believed that Hezbollah perpetrated both of these attacks. The stronger presence of Iran in the region and a tightening of its relations with Latin American governments will make it easier for terrorist groups to infiltrate these territories and to operate from within. In addition, closer political and economic ties between Iran and some countries in the region could help the regime escape international sanctions aimed at curtailing its nuclear proliferation ambitions. Through this seminar, we hope to be able to raise greater awareness about these dangerous developments, which deserve, as they will be today, to be seriously analyzed. Thank you.

MR. : Jonas (ph)?

MR. : Thank you very much. Welcome. I would like to make two academic footnotes. First of all, our academic work, as many of you know, is based on the premise that a university or think tank is not a place, it's a concept. We try to develop international cooperation in the academic field and it is a great privilege that the Hudson Institute is one of the institutions cooperating with us on many of these issues and in fact, we had, in the past couple years, a number of events right here related to Iran, related to Syria and so forth.

In addition, we are delighted to work with B'nai B'rith International, Dan Mariaschin. We had, actually, last year an event on Latin America's strategic concerns with five ambassadors, including Ambassador Jaime Daremblum. In addition to that, on Iran specifically the academic journey that we do have goes all the way back some 40 years. I mention this because of our concern with the involvement of Iran in Latin America and Dan Mariaschin already referred to attacks in Argentina – the destruction of the Israeli embassy in Buenos Aires and the area – and as an academic, I had the opportunity to provide some academic support to these investigations.

It's true that today we're going to focus on the Iranian ambitions in Latin America. My only footnote is that we have to see it also in the broader context, meaning the interregional connections, for example, between the Latin American terrorist groups, mafia groups, with the encouragement and support of Iran and with Africa, particularly the Maghreb and the Sahel and through that, to Europe. I'm sure that the panelists are going to provide a great deal of information on these activities.

Finally, I would like to single out Dr. Alberto Bolívar, who worked with us for many years in regard to these issues. Thank you very much.

MR. DAREMBLUM: We're very fortunate to have such a distinguished team of speakers. The first speaker will be Gen. Boris Saavedra, a veteran of the Venezuelan air force and today a professor at the National Defense University. He will be followed by Alberto Bolívar, a Peruvian official and professor at the postgraduate schools of the Peruvian armed forces and national police. He is also a nonresident senior fellow at the Center on Terrorism, headed by our good friend Jonas.

Finally, our third speaker is Professor Manochehr Dorraj. Born in Iran, he is an expert on Iran's trade and foreign policy. He is a well known academic, professor and writer, currently teaching at Texas Christian University. Without any further ado, I invited Gen. Saavedra – Gen. Boris?

GEN. (RET.) BORIS SAAVEDRA: Good afternoon. This is my pleasure to be here and I'd like to begin expressing my gratitude to the Hudson Institute leadership and particularly Dr. Jaime Daremblum to be here and share with you some thought and analysis that has been made about what is Iran looking in Latin America and also what is the role played by Venezuela in this new relation between Iran and Latin America?

I'd like to begin my presentation with presenting you my hypothesis. I'd like to ask you to pay attention to the last line, when I think that this relation today puts Latin America into the global strategy conflict. I will make my argument to tell you why I think this is happening right now.

I'd like to begin here what the participation in that – of Latin America in geostrategy confrontation. After November 1989, we start, we believe, and some experts think that we believe – started believing in the unipolar world. However, globalization, integration and all those kinds of developments in the entire world have made some think no: The unipolar world that we thought back in 1989 is something quite different.

In that, from the point of view of the security environment, what I see is one bloc in the Western Hemisphere led by Mr. Chavez and followed by Correa, Morales, Ortega and the FARC – well, this is one bloc. I see another bloc and another list led by Mr. Ahmadinejad, led by Muammar Gaddafi, well known by all of us, Mugabe in Africa and also Hassan al-Bashir. I don't need to go over or refer to these gentlemen because you know them very well: how they have been – their political behavior in each of the countries in the region where they belong to.

These two major blocs: What they have in common, as I see, they are looking for the – what I call the anti-system war movement. There's a lot of experts that believe they have in common this looking to oppose what is the system. When I refer to the system, I'm talking about all the international organizations built particularly after World War II. I'm referring to the United Nations; I'm referring to the OAS; I'm referring to the World Bank, the IMF and so on.

This anti-system war movement: What they are looking – they are looking to the multipolar world. But I want to make a clear referent here and to say there are no poles in the

multipolar world. Multipolar world is a tendency that could be good but what is behind this multipolar world is what worries me. What kind of ideology? What is behind that? What are the political interests of these two major leaders in these two regions?

They are using oil and natural gas, these two commodities, using to manipulate politics, to achieve their own political objectives. They are using anti-U.S. rhetoric always, using that; they are using also our purchases. It's very clear, the objective: countries buying a lot of armament and other countries try to develop a nuclear armament.

At the same time, looking at the conflict – Arab-Israel conflict – they are involved in that; they are participating in that directly and indirectly. Also, what about China? China is – when I put “support,” China is not directly supporting this but indirectly because China, in the Western Hemisphere, got interests but they are economic interests. They don't want to get really involved in the politics but they are behind, making business because this is the interest they show so far. And then you've got Russia and got economic interest. All of us know they have the military industry and they need to sell the military equipment.

And also the media: The media play a major role because today, using the world of Thomas Friedman, when he talks about the third globalization of communication. We are living in this technology where Twitter, Facebook, Internet and they use that and the media plays a major role and that media and that whole technology is now used, yes, for the government and international institutions. It's also used for the bad guys and they have the possibility to go to Internet and use technology. When we refer to Mr. Chavez and Mr. Ahmadinejad, both – they know how to use it and they use it very well.

Finally, what I see is a lot of corruption and I will give you some examples. I give you the example of one airplane flying from Venezuela to Argentina with a bag of \$800,000 in cash. I don't think this is the way – how the transfer, the legal and transparent transfer, government-to-government, should be made. They don't want to use international banking system. Why? When you're hiding something, it's because probably your purpose is not the clearest that should be.

That put us in the transition – and I – (inaudible) – we are in transition from what some experts call the unipolar world to the multipolar world and again, I don't say the multipolar world is something bad. But that depends on who is trying to do it. What is the real intention behind that? Here what I'm trying to show you is both leaders where the characteristics of both – indeed, they are very charismatic – both, they are using oil for political reasons.

International institutions: OPEC has been used as a main tool to achieve the goal to attack all these consumer countries, starting with U.S. and others. Economic statement: They tried to centralize the economy under the state control. Diplomatic enrichment: They are using that way to deepen the – and that enrichment go with the ideology. And then the anti-imperialist: You know – Panadem (ph), Pan-American is here in the Western Hemisphere but also if you go to the right, you will see also the same anti-imperialist support for the Islamic jihad, Hamas, Palestine and also Hezbollah in Lebanon. You see both leaders, they have a lot of things in common.

But also, I am showing you more, more information than you see in the paper because all information I am giving to you is in the paper in the open sources. I'm just making the analysis to make my point. And also I put here how populist and radical leader – (inaudible) – is in foreign policy with soft persuasion, trying to use the soft balance. And then what does that mean for the soft balance?

What I say is, how a weak state may coordinate the use of non-military tools to frustrate unilateral U.S. military actions. But it could also apply to the context in which the state wants to pursue a domestic political agenda that U.S. strongly opposes. This is the case of the socialists of the 21st century and also the Islamic revolution in Iran.

These are the two ways how they have been used. These populist leaders accept deteriorating the relationship with United States to achieve domestic political objectives. I will tell my people in my country – I'm very populist – I tell my people, I oppose United States. It doesn't matter what but I will oppose, even putting in risk my country, my security but I will oppose because the ideology is first.

What I see here in this populist leader and these are the three major characteristics. The populists that we are facing today, they are very totalitarian, they are very repressive – I don't think I need to explain more what happened in Iran in the streets today and also in Caracas; irresponsible in the way they transfer money – they use the resources of the state without any accountability or control; and anti-democratic.

They don't want they will be democratic. What they want to achieve, they can say in a democratic way; and expansive. They are not inside the country, they are outside – they have a big agenda; they are very ambitious. Same thing you see in the Middle East and also you see here how ambitious they are. And Islamic, as they reform the – (inaudible) – movement that I call the vanguard of terror, wrapped in a silk of exquisite manners and they try to use the soft way to achieve those political goals.

Also, political correctness, what I say to the other leaders in the region – let's go and talk about the Western Hemisphere. No one wants to oppose what Mr. Chavez says. Mr. Chavez can say whatever he wants; nobody will oppose because do you oppose and then they will say, you are behind United States; you are imperialist; you are supporting the empire of the United States and they want to create that environment of confrontation, two-polar. It is me or you are not with me, you are against me. You got to be and follow my ideology.

What is the background of that in the Western Hemisphere? We need to know that the relation and aid with Iran and Venezuela, is it all data? Yes, through the OPEC but also in the 1970s and 1980s, some military officers from the Venezuelan air forces were in contact in that time in Libya and also in Iraq. Then, with years, in 2000 when Mr. Chavez came to power and he, in the meeting of OPEC in Caracas, he tried to use the first time – tried to develop that strategy, oil as a weapon to confront the Western ideologies.

They confront democracy and they start talking about participatory democracy. But what means participatory democracy? Is it more participation? No. It is participation under my ideology. You are with my ideology, you are right – if you have different ideology or you disagree with me, you are the enemy. You are now my political opponent – you are my enemy.

This kind of aggressive vocabulary: revolutionary energy triangle that you know, Cuba, Venezuela, Bolivia, using oil and gas. Remember Russia and Iran: They have 59 percent of the natural gas in the entire world. If you come to this hemisphere, Bolivia, Venezuela, these two countries have oil and gas and they are the major sources of natural gas and also oil. In the year 2000, the International Forum of the Revolutionary Countries of the South, creating this new organization but the objective is oppose. When they say “oppose the Western way,” it is opposing the United States.

I show you more examples. I don't want to go in detail – they are very clear here; we are just 15 minutes and I want to be inside the timing. But how these relations in Iran, Venezuela, increase? They increase because Mr. Ahmadinejad visited Venezuela and building a foundation for \$2,000 – \$2,000 million for develop project but when you go to the website in the Venezuela government, in the Iranian government, all the websites in the Middle East or here in the Western Hemisphere, you find nothing. Nothing. Two or three projects out of 200 projects. Almost, projects remain confidential, secret. Why a secret? They say, it's for peaceful reason. It's for the economy. Why you hiding that? Why do you hide it? When you hide something, it's because something is not good.

He has been in Nicaragua. You need to know, in Nicaragua, the Iranian Embassy in Nicaragua has opened business two years ago, three years ago. There's more than hundred – hundred members of the embassy in Nicaragua. What they are doing? This is the question.

In the middle of the region that is where one of the worst security environments, with narcotrafficking, organized crime, this is the environment that you can use for other reasons, other political reasons, because you will mix with those bad guys, criminals and narcotraffickers, and then you will achieve your goals.

How this is increasing? Well, I told you before: 200 agreements, they are – remain secret. We don't know. I've been reviewing and see if they are really economic. Why? Let me give you one example. In Venezuela, there is one factory of tractor. But guess what? Eighty percent of food in Venezuela is imported. What happened with the agriculture production in Venezuela? Why you have a factory of tractor in the south? How many tractors do you sell in Venezuela or also to the other countries in the region? I couldn't find it. If somebody has it, I'd like to share that information. But it's not there.

And then you need to realize the Iranian strategy and also the Venezuelan strategy have two parts. In the external strategy, they support, defend the amount of the U.S. and Europe over nuclear weapon program and they tried to oppose that and counter the U.S. in the areas of influence, creating instability in the government ally to Washington. It's one objective, foreign objective.

The internal strategy, “go to the Iran government,” is failing in popularity. Its legitimacy is affected. The idea they present, that Mr. Ahmadinejad, he is well supported, he has a lot of friends, he has a lot of connections in the entire world, and then you will see what Mr. Chavez or Mr. Ahmadinejad, they’re traveling outside, they travel with the media and they know how to use it for political and domestic reason.

One is looking also Iran in Latin America, using Venezuela and Nicaragua to infiltrate – Iranian agents to support terrorist group – this is my analysis – because the region is very unstable. There’s a lot of narcotrafficking; there’s a lot of organized crime in Central America a few miles away from the U.S. border. The involvement of Latin America in the Iran-U.S. conflict is a danger for the rest of the region.

My concern is I see the attitude of other leaders. How other leaders see that? They don’t want to talk about it: “No, I don’t want to say anything if that doesn’t affect me internally.” Sometimes, they have been victims of their very aggressive vocabulary but they don’t say anything.

Supporting Venezuela nuclear program: This is part of the multipolar world they want to make. Yes, obviously to give Venezuela the nuclear capability, that will last at least 10 to 15 years. Preparing the human resources takes a long time. But again, why?

If Iran had the real intention to increase economic ties with Latin America, why they don’t want to cooperate with that investigation in Argentina, what happened in 1992 and 1994? If you are open, if you are clear in your intention, you send these criminals or whoever are indicted for that criminal activity that happened in 1992 and 1994 in Argentina.

Well, guess what? The most, the biggest invasion that you have Iranian invasion in Latin America is in Brazil. What is the second country? Argentina. Looks to me a little bit strange that they have that problem but at the same time, have a major investment there. It’s good to ask the government, why did you accept that? (Is this ?) in isolation, opposing the international community, taking advantage of that is what they are trying to do.

I’d like to get to some conclusion and we can discuss more in depth in our Q&A period how the populist, anti-imperialist foreign policy of Venezuela and Iran are designed to galvanize nationalism: “I want to tell my people and all people, I oppose United States! It doesn’t matter what: I will associate with anyone, I don’t who are there but I will do it if that is good for my political objective.” That has been more effective in Venezuela than Iran, the lack of popularity, but that tried to push back against United States influence in Latin America and the Middle East. It’s very clear.

Also Venezuela and Iran have opted to a regional integration model that utilize economy sub-balancing measures. They are using the persuasion and this is my point.

Both countries no longer want to play a role of second country. They want to be in the first position. They want to be in first level. Yes, that’s fine, but do it with all your resources,

respecting the law, respecting the international rule of the game. They're using petro-alliances. Look at the support of Venezuela there in the U.S. I understand that.

They're using the oil, yes. And wherever it's (not ?), no, I give you one example, what happened with the DOMREP. The DOMREP happen. The president made some decision that was not in the line of the government of Venezuela. The government of Venezuela has stopped sending oil for a few months and then the government of the Dominican Republic get back to business after they were accepting some kind of rules from Venezuela.

And this policy will succeed in the moment the oil price is rising because it's based in oil. Now, I'm paying \$3.30 for the tank (or gallon ?) on my car. That means the oil is, you know, getting to the price they will give them, finance their resources. Venezuela has to spend \$25 billion in the last five years. It's a lot of money.

But you have a lack of electricity. You have water. You have major problem inside the country. They succeed the plan of, I don't know, if here in the western hemisphere, Brazil wants to play a second role or in the Middle East, Saudi Arabia is ready to accept, with the Iranis proposing a sub-regional policy. That needs to be seen, what is going to happen there.

And I want to— and this is part of my analysis that put their potential trade of plutonium. Let me explain to you this. Right now, I don't see Iran with capability to export any nuclear technology or plutonium or uranium. They have not that. They have to finish what they are doing, guard the capability.

Not right now, but when you go to North Korea, it's different. North Korea have the possibility to export and they need it because they are looking for money. My theory – my guess is that Iran have a good relation with North Korea. If they want to sell plutonium, they can use Iran and then you have lines going from Tehran to Caracas without any control.

Who assure me that uranium cannot go from North Korea to (sell them ?) if they are on to Venezuela? Assume the uranium is in Venezuela, in my opinion, that go to the hand of the FARC. And plutonium is a major component to get various strong explosive and I think, based in 40 years of controversy that there, they have no – nothing will stop them to use that. I mean the FARC. And that got to the hand of the FARC, that will go anywhere, anyplace in our western hemisphere.

And you hear about five Hezbollah association. As you know, as we well know, Hezbollah – (inaudible) – with the flights that nobody control. It's a flight that will cost you, roundtrip, \$680. It's a big deal, but there's no control. And you can fly, wherever it go, have no immigration control in Venezuela. They land and the airplane go to another place where there's no control and you can do whatever you want and assume they are there in Venezuela, they will be able to go anyplace, anywhere.

And I put all the arrow going to the south, but also going to the Central America, Nicaragua. And there, remember, is more than 100 Iranian agents in Central America in Nicaragua. What they are doing there? And the final objective, in my opinion, United States.

And I will stop here and I will be ready for any questions that you may have later on. Thank you.

MR. DAREMBLUM: Thank you. (Applause.)

ALBERTO BOLIVAR: Good afternoon. Thanks for the invitation here for the Hudson Institute, B'nai B'rith, and Inter-University Counterterrorism Center. First of all, there's a law in physics – the vacuum doesn't exist – (inaudible) – used to say, the ancient initiated ones, no? The vacuum doesn't exist.

And after 9/11, we have seen here a window of strategic opportunity for all foreign actors as Russia before, then, we had the Soviet Union in the region. But also of China and a newcomer, Iran. Why? Because after 9/11, the focus of Washington was put into the so-called war on terrorism.

So even though there was the intention of giving more emphasis, for example, as Clinton did today, to the Latin-American region, the United States had to focus in other aspects of the so-called war on terrorism. So China, Russia saw it as an opportunity and they began to enter – the first one was China.

Huge investment in several countries, cultural participation, organizations, no? If you see, for example, now, in Peru, there are academies for learning to – Mandarin language in Argentina, no? So there's a cultural penetration. The Russians, they're not so cultural-sided, but they sell weapons and huge sales of weapons.

And Iran, lately, doing a penetration that could be very dangerous in strategic terms, probably more dangerous than the penetration of China and Russia. The weapon, the tool, is the courtship with leftist regimes, as we have seen, no? What do they have in common? They have in common the hatred, the opposition against all, what seems or sounds like American, simple, foreign policy, economics, et cetera, et cetera.

But there has been foreign policy by Iran that we must take into account. Ahmadinejad, since 2006, has been more times in this region than the last two presidents of the United States. He has visited this region more times than the last two presidents of the United States. That is foreign policy. That is soft power. But they don't stay only in the soft power side of the equation.

In Bolivia, they have signed agreements for economic assistance for the next five years for \$1.1 billion, very soft interest, no? In the next five years to Bolivia. In Ecuador, they want to finance dam projects, energy projects. In Venezuela, now, Iran is the second investor in Venezuela after the United States. So again, we see hard power. We see investments. We see economy. Not only political discourse, opposition against the United States, no.

Tangible things; things that regimes like Evo Morales in Bolivia or Chavez in Venezuela, as the use they have of the mass media, no? As Boris Saavedra has stated here very well, no?

They control the press or they influence the press. They have the capability of mass mobilizations of their countries, what they can do.

Look, who is investing in our countries? Who is creating jobs in our country? The Iranians. That is hard power. That is tangible. That is something the people can feel. But in turn, that hard power supports their soft power, a foreign-policy orientation, propaganda orientation, covert actions, now? So it's a circle, no, for them?

Cuba, it's interesting how the relationship between Cuba and Iran has increased, not also in political or intelligence terms, but also in hard power. In 2009, it grew up from \$272 million to \$680 million, more than double, no? Why? For the same purpose in the other countries, but not only that.

They have signed agreements, for example, for biotechnology – biotechnology. You know, biotechnology is a dual technology. But what worries me about most is something few people has talked about. It's the intelligence links between Cuban intelligence, Iranian intelligence. We can say, well, that DISIP in Venezuela, but DISIP in Venezuela is not as good, as sophisticated, as bold and as ruthless as DGI of Cuba and Iranian intelligence.

I am worried about that because they are very good in terms of covert action. And what are we seeing in the region? Those countries that are not with Venezuela, with Bolivia are being undermined. We have seen it in Peru. In Peru, in the last election process in 2006, we saw the active, overt participation, no, of educators, financed by Venezuela, yeah?

But directed by Cubans, no? And it was very luck for Peruvians that Alan Garcia won because the candidate of Cuba and Venezuela, Ollanta Humala, almost did it, yeah? Almost did it. He lost for only five points. But what we saw there in Peru was lots of covert action, lots of money. So the intelligence links are, in my opinion, the one factor that is going to have very importance in the next years because at least in the Peruvian case, the Peruvian intelligence system is not working.

After all the abuses of the early '90s, Peruvians simply wanted no intelligence and the problem is that their enemies, either of the system in terms of economics or in political democracy, their enemies are using cover action. So we Peruvians – we don't have the tools to counter those covert actions.

So in the next years, we're going to be – we're going to see more covert action in the part of the Iranians, the Venezuelans and the Cubans. Nuclear energy – Chavez has said that we're going to develop nuclear agents – energy for peaceful purposes, no? But there's a contradiction because he wants to face the scarcity of oil, no? And to attend the energy crisis.

But what the scarcity of oil – Venezuela isn't supposed to be one of the major producers of oil? It's not a matter of lack of oil. It's a matter of a lack of good administration of oil resources, no? So this point of the nuclear card, I think it's a very good card they have to attack the United States, no? To attack the United States.

And Brazil has opposed sanctions against Iran. Brazil has a foreign policy that is contradictory, no? Very contradictory, no? Now, we have, for example, a very good terms with the Venezuela, no? Even though Lula knows what Chavez is doing but because of all that oil and gas reserves of Brazil are not put in motion yet, the Tupi big reserve they found some years ago, but in the next years, Brazil is going to be a major player in terms of oil and energy.

But in the meantime, Brazil opposes any sanction against Iran in the Security Council, no? They say no, this is going to make Iran more radical. What more radical can they be, no? And the problem is that the Brazilians see themselves reflected in this stuff of the nuclear energy but for so-called peaceful purposes because Brazil was a country that since decades ago, was searching for nuclear capabilities, I think in military terms.

We can remember in September '91, the then-president, Fernando Collor de Mello went to Serra do Cachimbo and in a ceremony, they closed a hole that was there and they say that it was the hole in which was going to be the first nuclear explosion in Brazil. So they said, we didn't want it. But Brazil wants to play a major role and you know, in terms of its strategic stature, if you want to play a major role, there are certain things, certain issues, items that you must have in your national power. Well, we can't say Brazil has ruled out any interest for nuclear weapons.

They want to be a permanent member of the Security Council – they want to be there. They now want – they enter into – a mediator in the Arab-Israeli conflict. I don't know why do they want that – they couldn't mediate in the Honduran conflict; it was a fiasco for Brazilian diplomacy. Then, also, the Brazilians have stated and in real terms, the region, South American region, as their true area of influence.

But there's one problem, not also with South America in particular and with Latin America in general: Never – the region – has been so divided. We can talk about Latin America now; we can talk about Latin American countries but we can't say, there is Latin America. Latin American countries are divided in terms of foreign policy, in terms of economic policy, in social and economic development projects, conceptions and also ideology.

So Iran, Venezuela, Cuba are acting in an environment of lack of coherence: an environment in which they can use actors against actors. This year and the next one are electoral years in the region so we will see problems. Why? Because it could be a strategic opportunity to say, okay, we are going – those who are with the democratic system are more countries or those who are against the democratic system are majority.

So for the United States and for Latin America, 2010, 2011 are going to be decisive years in terms of the orientation of – political orientation, economic orientation, ideological orientation and what we will see is very active actors in terms of covert action. We will see them; we will see manipulation of the mass media; we will see manipulation of the masses, masses who really don't know what is this about. What is this about?

I remember during the demonstrations against the signing of the economic agreement with the United States, you could see in Lima 20, 30,000 demonstrators and there was one of the

leaders who – the one who was the leader cheering all the masses and one of the journalists approached him and asked him, are you against the treaty with the United States, the commercial treaty? “Yes, we are!” “Could you tell me what are the points of this treaty that you are against?” “You know, you caught me.”

He didn’t simply know what it was about and he was a leader. But that leader has the capability of mobilizing masses. So that is what we are going to see this and the next year: full of masses in the streets cheering against democracy, against capitalism and probably in favor of radical positions in Middle East, something that those masses, I assure you, don’t know a bit what is this about. Thank you very much. (Applause.)

MANOCHEHR DORRAJ: Let me begin by thanking the Hudson Institute and Ambassador Darembaum for their invitation to be here and have the opportunity to share some ideas with you.

I used to go to University of Pennsylvania as an undergraduate and I had a ritual in the spring to come to Washington to see the cherry blossoms. (Inaudible, off mike.) It’s been a while since I’ve been in D.C. and it’s always nice to back in D.C. and I’ve promised myself that tomorrow, before my departure, I’m going to see the cherry blossoms again. It’s a beautiful city so I have to pay my homage again to the cherry blossoms.

I decided when I was contacted and invited to come here that it would be appropriate for me to give you the Iranian angle and take on things: where they come from, how their foreign policy in general is perceived and how it manifests itself on the Latin American landscape.

To begin with, the relationship between Iran and countries like Venezuela – and Venezuela, as we all know, is the linchpin of Iran’s relation with the entire region – goes back to their role in founding OPEC in 1960 and solidarities on petro-politics goes back to the era of the shah’s rule. The turning point, of course, comes with the Islamic revolution of 1979 and Iran charting dramatically a new political course that allowed it to establish ideological relation with the regimes such as Castro’s of Cuba and Daniel Ortega in Nicaragua, which also had the Sandinista revolution in 1979.

So the themes such as Third World solidarity, nonalignment and Khomeini’s formulation of foreign policy of neither East or West coincided with these radical regimes and that is the point of departure.

But that point of departure ends when we think of Islamic revolution being guided by a Shiite interpretation – I would say populist Shiite interpretation – of Islam and then adherence of countries like Cuba and Nicaragua and Venezuela to some versions of socialism and confluence of socialism and nationalism and populism. That’s where convergence comes in again.

With that in mind, I want to set the stage for what are the confluence of events that have come together to make these relationships much more expensive – expansive, I should say, in its domain and its intensity. Would this confluence of events be sustained over the long haul or we’re seeing a phase that with the circumstances and events that have come together to make this

possible, when that passes, we will see the relation also diminish in its scope and intensity and become a transactional give-and-take relationship that would be perhaps more centered on economic give-and-take and secondarily on diplomatic, military, political, intelligence that my two colleagues spoke about.

So let us see what were the confluence of events that brought us to this present dynamics in the relationship between Iran and its sphere that is not ordinarily in its sphere of influence in its geographical region, what we would call this transcontinental relation that is in some ways extraordinary because of its being out of the region that ordinarily we see as a sphere of influence of Iran and its ideological domain, which is Middle East, which is Central Asia and as of late, because of Hezbollah, in the Mediterranean.

First of all, we have witnessed the rise of Ahmadinejad to power. Of course, Iran's relations with countries like Venezuela, for example, goes back to President Khatami's ascendance to power in 1997-2005. When Mr. Chavez came to power in 1998, he paid a visit to Iran in 2000 and Mr. Khatami, in return, paid a visit to Caracas in 2004 in the annual meeting of the Nonaligned Movement Group of 15.

It was there that the trade ties began to expand and Mr. Khatami also met with Lula da Silva from Brazil and the two decided to cooperate and collaborate further. Of course, Mr. Ahmadinejad was not the first to get the mantle of color of liberator from Mr. Chavez – Mr. Khatami, actually, was the first one to be bestowed upon that mantle.

For a country like Brazil, because of the aura of Mr. Khatami – President Khatami, I should say – as a moderate cleric, as a person who talked about dialogue of civilization rather than clash of civilization; as a person who came and said that he reversed, in a way, Ayatollah Khomeini's quip about United States as being the great Satan; that "great American people" he spoke of; that "our civilization has much in common" – a very different interpretation of Shiite Islam and very much in tune with the idea of reaching out to the rest of the world, but also has stayed with the theme of Third World solidarity and nonalignment, et cetera.

I would argue that Brazil saw him as a safe choice, that if they have approached Iran, they would not be pushed by U.S. government, as the image of Mr. Khatami is not one of a radical leader – was not, I should say, at the time. Brazilians felt safe to approach Iran and as my colleagues mentioned, Brazil is now the largest trade partner with Iran.

I also agree that Brazil sees a large role for itself on the world stage as an emerging power and see it in accord with its larger role that it should also play a role in Middle East – therefore, the upcoming visit to Tehran. I see it in those terms. Of course, for Iran, I would say in a moment what are some of the motivations there.

But let me go to confluence of events that I spoke of. On the one hand, you have, then, the ascendance of Ahmadinejad, a populist leader par excellence, to power in 2005 and his agenda of foreign policy and his foreign policy/national security team that was put together, they argued that Khatami's foreign policy was too passive and it did not bring any gains for Iran on international stage. Indeed, because Iran was put on "axis of evil" list in 2003, when Mr.

Khatami – President Khatami was in the office, the interpretation of Ahmadinejad and his populist cohorts was that precisely because of passivity of Khatami, a moderation of Khatami, Iran has been put on the “axis of evil” list, that he had nothing to do, nothing to show for his moderation and Iran’s foreign policy should take a more aggressive tone and a left turn, if you will.

So that set the stage for creating, as pressure increased – possibility of regime change, which was taken very seriously in Tehran after the war with Iraq in 2003 and presence of U.S. forces in Afghanistan since 2001 – the besieged mentality that drove – Ahmadinejad’s administration sought for a very aggressive policy to build alliances to nullify possibility of escalating U.S. pressure on the Iranian regime and possibility of regime change.

Another – and of course the more muscular, I should say, muscular political posture of Bush administration provided this impetus, not just on Iranian case but, I would also argue, on the Latin American case studies that we are talking about today.

So the rise of Ahmadinejad coincides with the left turn in Latin America. A number of populist leaders come to power: Chavez, Evo Morales, Correa, return of Daniel Ortega, Lula – I put him in social democratic category, not populist. What’s fascinating is that part of South America is opting for social democratic course and Andes countries are opting for a radical populist course.

But nevertheless, all these countries’ left turn provides Iran for a possible partnership. Because the relationship with Venezuela went way back, since 1960, and Hugo Chavez had made visits to Iran, had built relations that go before Mr. Ahmadinejad, obviously Ahmadinejad felt welcome to go to Caracas, to go and expand the relation there. We all know, as it was chronicled, trade relation has expanded dramatically. Political, diplomatic and even military relations have expanded dramatically and even since, Chavez has announced that he has also ambitions to create nuclear program in Venezuela, he has stipulated that he wants the Ahmadinejad administration to be a part of that picture.

Originally, Brazilians expressed an interest in that but as they saw that Iran would be also a partner or participant in the process of development of Venezuelan nuclear energy, they backed off – they said, we want no part of it. Venezuelans ultimately went to the same Russian company that has created Bushehr nuclear plant in southern Iran and they’re allowing them, the Russian company to build the nuclear power plant in Venezuela with Iranian, supposedly, technical assistance.

As you would summation (ph), it remains to be seen how capable and competent Iranian technical expertise could be in this process, given the fact that all the reports that we hear is that they have good deal of problems and difficulty to develop their own nuclear program.

From what I hear, there have been certain setbacks. That may push the projection that when they would actually be able to develop enough centrifuges and enriched uranium to a point that it can be weaponized, that window – time window – has been pushed back.

Be that as it may, let me go back to confluence of events. So left turn in Latin America, ascendance of a populist leader who wants to reinvigorate early days of Iranian revolution's foreign policy: neither East nor West and Third World solidarity at the center of the stage and reviving South-South relation, that is, Third World relation; trade relation; political relation; and also somehow break out of the isolation and beleaguered mentality that is there.

Of course, this is also the period that U.S. government is very much preoccupied with Iraq, almost to a point of fixation, and there is, in many accounts, argued that negligence of Latin America that provides a vacuum for countries such as Iran to step in and fill the vacuum.

Another major event was that the oil prices – oil prices industry would go up fairly dramatically – allows Ahmadinejad and both Chavez, the two major oil producers inside OPEC, to go beyond the rhetoric and diplomacy and actually put money that can make this relationship to have legs, so to speak, and to expand it to a point that, you know, what are some of the incentives for a country like Bolivia and Nicaragua to have relations with Iran? Iran is not in their sphere. Ideologically, they don't have anything in common, with the exception of – (inaudible) – solidarity and nonalignment, but they adhere to a very secular principle of what they want for the future of their government and that is very different from Iran.

Of course, it requires that Iran would come up with trade proposal, would put money on the table and make promises, et cetera, but what you should know, and what is not discussed, is that many of these agreements, including the one with Ecuador, Bolivia, Nicaragua, are memorandums of understanding. Memorandums of understanding are one thing and actually implementing dollar amount to these projects is another. That requires agreement of Iranian parliament.

Many of these issues have not been taken by the parliament, so we hear a lot of fanfare, a lot of publicity, but let us look at the hard facts. Have they been implemented? Have they actually been done? And that's a question that needs to be asked.

That is why I would argue that relations especially with countries which are not OPEC members – Bolivia, Nicaragua and Ecuador – the small countries, the small-sized economies – which don't have a large volume of trade with Iran, those relations remain tenuous. And I do not predict that they would continue as with the intensity and with the extension that we now witness beyond Mr. Ahmadinejad's term in the office.

And another important point to note is the fact that the disputed election of 2009, which reinstated Mr. Ahmadinejad to power, which as you know, generated this opposition movement – fairly powerful opposition movement – called Green movement that took many by surprise has diminished the ability of the Iranian government to project power within its own region and in the larger world.

After all, the supposedly political link is the adherence to this populist version of not only foreign policy on both these Latin American populist regimes but also on the domestic policy – that both stand for a just world order, both stand for justice and equality at home, et cetera. And

if elections are not fair and if by means that Mr. Ahmadinejad has been reinstated to power are questionable, it casts a shadow of doubt on moral legitimacy of the project, so to speak.

And also, what I think we have witnessed is that there is a new independence in Latin America which has emerged in the last decade most distinctly. We see it in the behavior of not only the populist regimes in Latin America – that they're willing to go their own way – but also in countries that have fairly cordial relations with the United States, such as Brazil. And that, I think, is something that we must also note.

There are scholars who have written about the multipolar world – emergence of the second world. Parag Khanna comes to mind – his book, “Second World.” Others who talk about a post-American world – Fareed Zakaria comes to mind. And then countries that are increasingly assuming an independent posture in that emerging multipolar world.

And I would argue that if the relations continue beyond Ahmadinejad's term in the office and there is a great deal of chemistry between Ahmadinejad and Chavez. Some of my friends who are Venezuelans, they tell me, for example, Chavez would tell Ahmadinejad, Mahmoud, why don't you go to Nicaragua and make a trip there? And Mahmoud obliges. And vice versa.

And once that chemistry is gone, once these two personalities are out of the picture, which Mr. Ahmadinejad is going to be in three-and-a-half years, and we don't know how long Chavez is going to be around given the amendment to the constitution that prolongs his stay in the office. Once that is no longer there, the fact that there is also a great deal of personalized element in this relationship, it remains to be seen how viable that relationship would remain. And I see because this confluence of events that I talked about cannot be replicated, I see the relationship between the two regions as more perhaps down the line institutionalized and not as personalized in the era beyond Chavez and Ahmadinejad.

Last but not least, I think it's important to note that Iran has been developing what I would call an Eastern strategy since his tension that has escalated between Iran and the United States since the Islamic Revolution but has intensified since 1994. That Eastern strategy includes building alliances with Russia, China and other nations, India, in order to counterbalance the pressure from the United States.

And I would argue that perhaps there's a symbolic political element involved here, too. From Tehran's take, the U.S. has come to its backyard. The U.S. has occupied Iraq and Afghanistan. That's Iran's backyard. So a tit-for-tat policy – I'm going to come to your backyard, Latin America.

But going back to Eastern strategy, neither Russia nor China have hesitated to impose and vote for three sets of sanctions on Tehran. And China, after dragging its foot, all the signs are that it's going to sign up to the fourth set of sanctions. Guess what? China is the number-one trade partner for Iran globally. The two signed a few years ago 150 billion (dollars) worth of gas contracts that locks up Iranian gas for the next 20 years to China.

But that has not prevented continuation of relationship. The point is that the intensity of relationship that we see may not continue, but relationship may persist in future but I would argue that relationship is more likely to be either institutionalized or become transactional rather than political intensity that it has right now. Currently, the relationship is highly political. Those trade relations and all that, with the exception of Venezuela, are all, so far as I'm concerned, they're so negligible – Brazil and Venezuela being the exception – are symbolic.

The main thrust of the political relationship is political. And what I also see is what may happen in the future would have a great deal to do with the United States, the most powerful nation on Earth is going to do both towards Latin America. Obama has started a policy of engagement. The thought of alienation that existed or some Latin American populist leaders felt under the Bush administration seems to be dissipating. And that engagement and reengagement of American power in the region of Latin America is going to squeeze out the arena for Iran to maneuver in.

And also, it has to do with what sort of future relation the United States is going to have with Iran. Let me just give you one example that will illustrate this. Despite all of Hugo Chavez's rhetoric against the U.S., 50 percent of Venezuela's oil export comes to the United States.

Despite all Iran's rhetoric against the United States, U.S. remains indispensable for integration of Iran in global community. And for example, for building the oil infrastructure, Iran is net importer of refined gasoline. Because its infrastructure of oil production and gas production have not been modernized and they're not up to date.

(Inaudible) – for example, have vertical drilling that goes underneath the Iranian territory and taps into Iranian gas. The only companies who have that technology are American companies and the Iranian government knows that.

So relations with the U.S. despite this alliance remains indispensable. It looms much larger. The Chinese have figured that out. That is why they don't hesitate to impose sanctions. And when push comes to shove, they take sides with the United States.

So I would argue that because Latin America is not a sphere of influence for Iran geographically, traditionally, ideologically, the type of ideology that informs the leaders of the two regions, given possibly changing the posture of the United States – political posture, I'm speaking of – and changing policies is going to change this relationship at its core and intensity as well.

And there would be a cost-benefit analysis in all capitals involved. And if they decide that the cost of the relationship with Iran is going to outweigh the benefit, they would not hesitate to diminish, to curb that relationship in fundamental ways. Thank you. (Applause.)

MR. DAREMBLUM: We have time for some questions. I would appreciate those asking questions' names and affiliation.

Q: Frank Fletcher (sp), an independent researcher on international relations. My question is for Gen. Saavedra. I've seen Venezuela modernizing their armed forces, including the acquisition of sophisticated satellite communication systems, and command, control and communication systems. Do you believe that they would obtain missile technology from Iran, a deliveries system, and in that connection, even a nuclear weapon at some point, without having to develop it themselves indigenously?

GEN. SAAVEDRA: Well, I don't have my crystal ball right now with me; I forgot it in my home. But anyways, let me tell you something. This is the possibility: We need to realize and agree with my colleague here that Mr. Chavez is very ambitious and he will do whatever he needs to do. What he has not done is because he has not the time and capability right now. But what you have mentioned is inside the possibility of something to be done.

Mr. Chavez, three years ago, he tried to buy missiles from North Korea and he sent a mission to North Korea. And the close advisors of Mr. Chavez told him, listen, this is not the moment that we need to do that because we are not really prepared; we need to prepare ourselves better to do that internationally.

And then is it a possibility to do that? Of course it's a possibility. And he will do it as soon as the moment arises. He will do, he will try.

Q: Hi, my name is John O'Meara. I'm with the International Center for Terrorism Studies with Yonah. I have a question again for Mr. Saavedra about Iranian uranium. Besides sounding like a Dr. Seuss book, what are the implications therein, and what is the likelihood that Iran would send nuclear material over to Venezuela or siphoning it to, say, Syria or other states that are closer within its own sphere?

GEN. SAAVEDRA: Again, I think I don't see Iran right now with a real capability to export technology and plutonium. My concern is about North Korea. And the relation between North Korea and Iran is a good relation.

I would say probably at this moment, I don't think that Iran has the capability to export to Venezuela plutonium or uranium or the technology that they need to develop something – no, not at this moment. But the thing is, the link; the link, I see, how (you have seen ?) they can bring plutonium because North Korea is a different history. North Korea has the capability to export plutonium right now. And they will do that as soon as they have a customer ready to pay.

My concern is with those flights without any control, you can transport the plutonium to Tehran, to Caracas. Assume the plutonium is in Caracas is in the hand of FARC because we know the relationship and that's clear. And nobody will stop transporting those airplanes transporting the plutonium and nobody will have the capability to stop getting in the hands of FARC the plutonium; that's my concern.

Q: Thank you. I am Richard Dossel (sp) from George Mason University and I have one question for each one of the panelists. Boris, what do you think about the impact of the FARC in

the region and their links with international terrorist organizations like al-Qaida in North Africa, Hezbollah, and Shining Path in Peru? That would be the question for Boris.

For Alberto, it's, what do you think about yesterday's declaration to the newspapers in Peru over Robert Gates in relations to the persons of Iran in Latin America?

And the last question to Manochehr will be, don't you think that a presence of Iran in the Andean region is a link to the return of Russia to Latin America?

GEN. SAAVEDRA: Okay, well, about the relationship between FARC and al-Qaida, with open sources, it's not really clear that, that relationship exists. But we need to be so concerned because remember when we're talking about FARC, we are not talking about insurgency, we are not talking about terrorists; we're talking about criminals. And they will not be stopped for anything. If they see doing that kind of business, they will achieve the goal.

And remember, right now, the FARC, politically, has been diminished. President Uribe has put the FARC in the – in down. Politically, they need to come up. And I think they will use any means to get back to the position that they enjoyed five to six years ago. That's my concern. And, again, I don't have any – in all papers I will be reviewing, I don't see any clear link that we could say, yes, FARC and Hezbollah or FARC and al-Qaida, they've got link. Because you need to see what is the instructor of al-Qaida today. It's not the same they have back in 2001. It's quite different.

And then you need to realize how that works where al-Qaida has been acting. They are not acting with the same instructor they used back in 2001. They are using a different strategy. They are using different cells, and those cells – it's like a franchise and there are different franchises all over, but I cannot say that I believe in the clear relation, not this time.

MR. BOLIVAR: Secretary of Defense Robert Gates, now visiting Peru, has not only warned about the Iranian presence in the region. First of all, Secretary Gates has stated that Peru is a close ally of the United States. So the secretary of defense says Peru is an ally of the United States. He's saying it is an ally in military terms, no?

And if they say – and he warns about Iranian prisons in the region, it must be that his people of the DIA must have some early warning indicator that something is going on, no? Particularly in the Peruvian experience, last year two MI-17 helicopters were downed by the Shining Path in the VRAE Region where one of the factions of the Shining Path is being reconstituted, yeah?

Something that officially is not stated is that those helicopters were downed by RPGs. They didn't use anti-aircraft weapons or missiles. They used RPGs. I do remember that technique was developed by the mujahedeens in Afghanistan in the '80s against the Soviets. It was passed to Osama bin Laden and al-Qaida. We saw what happened, the Battle of Mogadishu in '93, no?

The FARC also received that kind of advisory and now it has – the point is that the Colombian government hasn't done or made any fuss about it because it's the trump card they have against Chavez. Each time Chavez puts himself very aggressive, the Colombians say, do you want more information publicly about the – (unintelligible)? No? It's the smoking gun against Venezuela, no? But I think there are links – tenuous for the moment, but links.

MR. DORRAJ: Yes, I'm not sure if I would say there's a direct link between Iran's presence in Latin America and Russian presence in Latin America. We can broadly speak of the fact that, you know, the preoccupation of the United States with Iraq and Afghanistan and sort of letting Latin America slide in the last eight, nine years have provided an opportunity for both powers to be more assertive, and also rise of left-leaning populist regimes has provided that opportunity as well.

I don't see a direct link between the two countries coordinating their presence in Latin America. They're both looking for opportunities. As was mentioned, in case of Russia, they're very much interested and a very substantial provider of weaponry to countries like Venezuela right now. So they see it as a market in which they can operate. And in regard to oil and gas as well because Russia, as we know, is the number-one gas producer in the world and has substantial oil reserves and is the second producer.

So I think those are more significant parallels that – I do not think, however, it is coordinated on policy level. Each are seeking and pursuing their own interests separately. It happens to be because of the confluence of events and circumstances that I talked about has allowed them a larger opportunity than before to assert themselves in the region.

MR. DAREMBLUM: Evan?

Q: Evan Ellis, Center for Hemispheric Defense Studies. My question is about the vehicle for a reining influence at the popular level within the countries of Latin America.

As you know, one of those instruments is potentially working with indigenous communities. We see that in places such as Vichifarin (ph) in Bolivia. Another one of the instruments is working through local organizations. Hezbollah was mentioned. But as you also know, many of the communities – the Islamic communities in Latin America are Lebanese or other ancestries and not necessarily Iranian.

I wonder if each of the panelists could comment a little bit on the nature of Iranian contacts with Islamic communities, as well as indigenous communities appropriate in Latin America.

MR. DORRAJ: Yeah, I should say that the countries that I've visited in Latin America, I've been surprised and impressed by the presence of the large Middle Eastern community, Lebanese you mentioned the most prominent ones. And of course, you know, Shiites are the majority in Lebanon and some of those Lebanese most likely have Shiite roots, and the number of mosques in Caracas has increased and they play the more prominent role in the religious life, so to speak.

But I'm not sure to what extent that's an instrument of diplomacy, having said this. Culturally – culturally you may say that, you know, Mediterranean culture has some affinity toward Latin culture, but to what extent that serves an instrument of diplomacy – to the extent that Middle Eastern indigenous population is not a very politically powerful force in any of the countries of the region but they're a small minority.

I don't think they have the necessary weight to dictate the terms of relationship or to be a major catalyst for that. But, you know, it allows – insofar as relationship also engulfs cultural ties, it allows both countries to have that lynchpin, if you will, culturally, to also establish those type of relationships and provide funding for the new mosques and cultural centers and language training centers and all of that.

But they're also – you know, some of the things that I have read, some of the diplomatic training that Iran holds for some of the Latin officials, including some Nicaraguans, some Venezuelans, that also includes how to gather intelligence, how to process intelligence and all that. So immediately the supposedly cultural thing becomes political. So that is also there.

MR. BOLIVAR: Yeah, about the indigenous movement in Latin America, that's very active and radicalized, by the way, especially in Bolivia, no? Some years ago I participated in a national exercise with the Southern Command there in Lima. I was put in the place of al-Qaida, no? I was the actor al-Qaida.

So I would imagine a plot. What if al-Qaida enters into – I am not going to say – not contacted the tribes in the Amazon but very poor indigenous or forgotten ones in any of the Arab countries, and they convene and they convert people of them? They have languages that are not very understood and even used in their own countries. What if they develop some kind of code to talk about it and they began to impart directives, no?

And I remember it was one part of that war game and when the guys of the Southern Command – how do you imagine them? Very simple. They're called the Wind Talkers, what happened with the Navajo code in the Second World War. And two years later I received a PowerPoint, no, of radical Islam preachers in the jungle of Venezuela, Colombia, Peru and Brazil, no? So probably it's a scenario that we should not dismiss.

GEN. SAAVEDRA: Let me tell you something. In the case of Venezuela, you need to realize the population is – indigenous population is less than 2 percent. It's one aspect.

The other aspect is Mr. Chavez internally is facing a very critical point in his presidency. He is very concerned about how to be in power for the next two-and-a-half years but also to gain the presidency for seven more years. And I don't think, in this moment – I don't want to say no, but in this moment he is more concerned in trying to keep himself in power and how he can deal with the legislative elections in September and also the presidential election in 2012. At this moment this is the major problem.

MR. DAREMBLUM: We'll go to the left this time.

Q: Frank Sebasco (sp), a Washington-based consultant. General, you've expressed some strong concerns about Hugo Chavez. Would you say those concerns are shared by the active-duty Venezuelan military?

GEN. SAAVEDRA: Well, talking about the Venezuelan military right now, they are very divided. You need to realize that 11 years in power of Mr. Chavez, he has politicized the armed forces.

At the beginning, the armed forces was divided for support for those who support, but at this moment the situation is quite different. He has very good control of the armored forces. He has the help of the Cuban intelligence inside the armed forces. And, by the way, yesterday about 75 officers – senior officers were dismissed from the armed forces.

And then, based on that scenario, I can tell you obviously you will find what we call institutional officers that believe in the institution and believe in democracy. At the same time, you have the leadership today. All the leadership in the military leadership has in place his own support for President Chavez and his policy.

And in the institution right now, the leadership is committed to support President Chavez. The whole of the institution probably is more divided – probably is more divided and not supporting what Mr. Chavez is doing, politicizing the armed forces.

Q: (Inaudible) – Cavassa (ph) from the RAND Corporation. My question is for Professor Dorraj. This level of Iran's involvement in Latin America is something new, since Ahmadinejad came to office, and there has been criticism in Iran of the resources that Ahmadinejad has spent in supporting proxies and allies overseas, including Hezbollah.

So my question is, to what extent is the leadership – and I guess that means the Revolutionary Guard – united in supporting the policy of deep engagement with Venezuela, or is there any dissent, or we don't know?

MR. DORRAJ: Regarding the Revolutionary Guard, you're absolutely correct. This is a fairly controversial issue because Iran is a third-world country and has problems of high rate of inflation, high rate of unemployment. Ahmadinejad's economic performance in the office has been anything but stellar. It has not been good. And, as we speak, he is cutting the subsidies.

And because the oil money is used to buy off the loyalty of a sector of the lower class, which is ideologically committed to the regime and unleash them against the middle class – more educated middle-class opponent of the regime in the process, and Ahmadinejad planned to cut some of the subsidies to the very base, it remains to be seen how much unsettling that would be inside the country in order to promoting his regimes, or as a man of the people.

In Persian there are graffiti on the wall his supporters put up – Mardiminejad (ph) man of the people; Ahmadinejad Mardiminejad, man of the people. It rhymes.

The thing with the Revolutionary Guards is this: one third of Iranian economy is controlled by Revolutionary Guards. Army – regular army is nullified, is not trusted by government. Revolutionary Guards are ideologically committed to the regime, 125,000 of them.

And the regime relies on them for internal security as well as they fought to protect and preserve the regime during the Iran-Iraqi war, and it was under the presidency of Rafsanjani that he said, why don't you become self-sufficient economically and have your own budget, and got them to come into the economic realm as Chinese have done it with their army, as Pakistanis have done it for decades with their army.

They became vested economically in survival of the regime, and President Rafsanjani, being the clever politician that he was, he thought by investing in the regime economically, they would be invested in survival of the regime. He would diffuse the possibility of a coup d'etat coming from within because army was defending their marginalized regular army. They can't do anything. And if any coup may come, it may come from them, and if you invest them, they won't have any incentive to participate in a coup.

But what has happened is that in the process they have become tremendously rich. They're involved in oil and gas. They're involved in construction. They're involved in engineering. They're involved in every realm of Iranian economy that you can possibly imagine.

So one of the things that happens with Iran goes to Latin America, it sends Revolutionary Guards units. They have dual use. If they want to construct something, they know how to do it. They have the major firms and expertise to do it.

But the other side of course is the intelligence, is the asymmetrical war, a strategy of Iran, which I have learned that in Venezuela, for example, some of the U.S. manuals – and the general would know this better than I do – U.S. manuals that guided the Venezuela army has been shelved in favor of a symmetrical warfare that Revolutionary Guards have brought that also implemented that in Lebanon, and we saw a manifestation of that between Hezbollah and Israel in 2006 war.

So as a result, many within the regime see a role for Revolutionary Guards that can perform this dual role and projection of regime's power in Latin America. In that projection, the Revolutionary Guard is used as a vehicle, for the reasons that I mentioned.

But that posture remains fairly controversial on the part of Iranian nationalists, that these are, in a way, in their eyes, sort of misuse of nation's resources, and so what if we have a closer relationship with Bolivia? That's the argument. So it remains controversial.

MR. DAREMBLUM: Professor, do you want to ask a question?

Q: Thank you very much for your rich presentations. I have a question that I think perhaps we shall look at. As you know, the counterterrorism community, both governmental and academic and so on, one of the great concerns is that we do have weak nations, weak governments that do not develop the counterterrorism strategies needed to deal with the problem,

as well as uncontrolled areas, all the way from some of the uncontrolled areas in Pakistan to Somalia and to North Africa and the tri-border area, which is obviously a foothold of Iran for a long time in Latin America, particularly this area between, as people know, Argentina and Brazil and Paraguay.

And, in fact, the destructions of the Israeli embassy and the army are some routes to that area; the activities of Iran and the activities of the Hezbollah and the Hamas, and we see some footsteps as well as the al-Qaida.

My question to you basically is we know the situation, and the question is, what are the governments involved going to do about this, specifically, individually, collectively and in a realistic way, because I can recall to you again on the basis of academic work with NATO that NATO is concerned – NATO is a global security provider, and that area in Latin America is on the agenda because of the Iranian one. Thank you.

MR. DAREMBLUM: Is this addressed to all the panelists, I assume?

Q: Yeah, go ahead. (Laughter.)

MR. DAREMBLUM: We'll start from the right and come this way.

GEN. SAAVEDRA: Remember when you say the NATO is a major security provider for all over, when we're talking about NATO, we're talking about several countries, and they all have problems.

Well, to get the will and support of NATO coming to this region in Latin America, I don't see it too easy. I see this as very difficult. I think the United States will probably – will intervene. Probably the United States will disagree with that. And I don't see the major threat to get the will of the European community to send troops to this country down here to do something because the terrorist situation is so dangerous that could put the global security and stability at risk. I don't see it at this moment. That's my opinion.

MR. BOLIVAR: But what Latin American countries must realize is that there is a global threat, no, about terrorist groups, organizations, that's very active. Sometimes our governments, for political – domestic political reasons, they don't want to touch the issue. They don't want to touch the issue because it's very sensitive. And if you talk about the likelihood of foreign forces participating in the region, well, there is a fuss.

For example, the Brazilians are opposed against any kind of American military persons in the region. I remember Peru has, with the United States, close links for the counter-narcotics strategy and the Brazilians never like it. And I remember some of us began to talk, why not to invite Brazil to be part of this? And now they have signed an agreement of strategic cooperation – nothing we could have imagined some years ago, no?

In military terms, but to say the NATO to come to Latin America, it would be very difficult, very difficult, especially in terms of military support or military presence. What I

would advise is this: The Venezuelans, the Cubans states organized the Miracle operations, what were ophthalmologists sent to the region to, for free, operate people of the eyes. Not only that, taking many of those people there, the most seriously cases, to Venezuela or to Havana since 2002, 2003.

It was only in 2008 that somebody in Washington said, hey, we have a hospital ship; why don't we send it to the region? And you can't imagine how welcome it was – how welcome it was. It was in 2007. It has been one month in Peru. That is the kind of operation – if these guys are having covert action, the United States and NATO should have overt action. And it is civic action to counter the propaganda, the political ideology of Iran or wherever you want, but not in military – properly military terms but the military in civic action. You can't imagine how effective is the propaganda of these groups.

Two years ago – no, last year there was a project of Spanish enterprise to invest in the treatment of water in one area of Ayacucho. You know, 30 years ago in Ayacucho was where the insurgency began by the Shining Path. And the Ulalistas (ph) that are supported by Chavez, et cetera, et cetera, organized the opposition against that.

Do you know what was the rumor that – what has spread to the population? That the Spanish are going to take the war to Spain, and that people believe it. They sold the idea to the people that in huge cargo planes they are going to take their war to Spain. Yeah, and there were demonstrations against that.

That is the kind of covert action that you have to counter. You have to counter it overtly, yeah. So if NATO is going to enter with the United States in the region, I wouldn't advise a military presence, no, but a civic one over operations, hospital, civic actions, et cetera.

MR. DORRAJ: All right, agreed. (Laughter.)

MR. DAREMBLUM: We have one last question – the lady over here. Yeah.

Q: (Off mike.)

MR. DAREMBLUM: Okay. So we –

MR. : There's one.

MR. DAREMBLUM: Okay, last one.

Q: (Off mike.) I'm from Venezuela. One of the things that really brings these two countries together in this scene is because of the oil – (inaudible) – is oil. The concentration of oil income in very few hands of the government, that creates wealthy governments without the need of the citizens, or very special effects.

How much study have we done over in all this part of the world for what that really implies, because I came just now from a hearing of the Congress and there they were trying to

combat the oil curse by transparency, as if that solves anything. When you give all this checkbook to someone, he's going to have a tremendous power.

And one of the problems we have problems in one way now is that we have a very long, prolonged, sustained oil boom that has supplied, over a long period of time, a lot of funds for them to come up with or to pursue their own agendas.

So how much is this really related to the system of an oil boom and how much is it from other sources?

MR. DORRAJ: Yeah, you put your finger on a very important point, and as I mentioned, beyond the rhetoric and diplomacy, what is going to give muscle to the relationship and make it real is ability to allocate money, and much of that money in both countries, as you aptly mention, is oil and energy income.

And because the possibility of, let's say, at least in the near future is not in the cards, that major source of energy in the world is going to shift from fossil fuel to other sources of energy, I think that formula will stand.

However, as the oil prices fluctuate, the fortunes of these countries to project power fluctuates with it. So that's not a good source of sustained projection of power and it's not, and that's why I said not only this relationship is personalized, but also its fortunes and ups and downs are linked to the oil income.

Therefore, in future we cannot say that this is the beginning of sustained Iran's presence in Latin America. Political actors are going to change, fortunes of oil are going to change, and that's a very significant issue.

But I think, for example, Iran's relation with Mexico, with even Argentina, which at this point, you know, has a warrant for arrest of some of the former Iranian leaders, with Brazil, all of those indicate that these transnational type of economic ties and political ties and diplomatic ties will continue in future but not with the same intensity and with the same political fervor or ideological bent.

GEN. SAAVEDRA: I'd like to make a follow up on the comment made by Michael Lee (sp) saying that we need to realize that Mr. Chavez is 11 years in power. Mr. Ahmadinejad is in the second term, and both, in my opinion, have demonstrated the lack of sound management in government affairs.

It's not just money. It's ideas. It's capability. It's invention. Because what the people is asking now is, I don't want you to teach me about ideology; I want you to repair the electrical system in the country; I want you to provide me the minimum needs that I need. I want you to provide me future for my son and daughter.

This is what the people is asking for. And then I think both leaders, in their own domestic politics, they are facing a major problem for the lack of sound management in government affairs. It's not just money. It's more than money.

MR. DAREMBLUM: I thank you for being here this afternoon. Let's congratulate here – a round of applause for our – (applause). Thank you very much.

(END)